(b) Yes, Sir.

(c) Naresh Chandra Committee has recommended, *inter-alia,* that foreign airlines may be allowed to invest upto 49% in both domestic and international scheduled air transport services.

(d) and (e) The report is being examined by the Government.

Safeguards in foreign exchange market

*26. SHRI S.M.LALJAN BASHA: Will the Minister of FANANCE be pleased to state:

(a) Whether it is a fact that the RBI had to sell a small chunk of foreign exchange reserves in June, 2004 to stabilise the foreign exchange market;

(b) Whether it is also a fact that foreign institutional investors are speculating in the Indian foreign exchange market; and

(c) What safeguards RBI is taking to ensure that there is reasonable stability in the value of Indian rupee in foreign exchange market, and

(d) The details of the guidelines to be evolved to ensure stability in the foreign exchange market?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Foreign exchange reserves are used for reducing volatility and maintaining orderly conditions in the foreign exchange market. The Reserve Bank of India (RBI) buys and sells US dollars in the spot and forward markets, which, together with valuation changes because of changes in the cross-currency rates, results in an increase or decrease of foreign exchange reserves, India's foreign exchchange reserves, which stood at US$ 119.8 billion on May 28,2004 declined marginally to US$ 119.7 billion on June 4,2004 and further to US$ 119.3 billion on June 11,2004, but increased to US$ 119.9 billion on June 18, 2004. RBI's sale-purchase figures become available in the public domain with a lag of one month.

(b) According to Securities and Exchange Borad of India (SEBI), net investment by the foreign institutional investors (Flls) in the Indian capital market was nearly US$10 billion during 2003-04. However, Flls turned net sellers in the market during May-June 2004. In order to ensure smooth payments, RBI took measures for maintaining orderly conditions

in the foreign exchange market and preventing the emergence of any destabilizing speculative activities.

(c) and (d) India's exchange rate policy focuses on managing volatility with no fixed rate target, allowing the underlying demand and supply conditions to determine the exchange rate movements over time in an orderly way. The RBI continues to monitor closely the developments in the financial markets at home and abroad, and carefully coordinates its market operations with appropriate monetary, administrative and other measures, as considered necessary from time to time.

Inter-linking of Rivers

*27. SHRI K. RAMA MOHANA RAO:
SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of WATER RESOURCES be pleased to state:

(a) whether it is a fact that the Action Plan-ll of the inter-linking of rivers recommended imposition of water charges, levy of cess and duties on some of the goods of mass consumption, raising agricultural mandi tax etc.;

(b) if so, the other important details of Action Plan-ll;

(c) whether it is also a fact that according to the preliminary estimates, an investment of Rs. 46,000 crores is needed for inter-linking of 30 rivers and construction of 32 dams in the country; and

(d) if so, in what manner Government are thinking of mobilising resources for this mega project?

THE MINISTER OF WATER RESOURCES (SHRI PRIYA RANJAN DASMUNSI) (a) Yes, Sir.

(b) The other important issues such as appraisal of individual projects in respect of economic viability, socio-economic impacts, environmental impacts and preparation of resettlement plans;suitable mechanism for bringing about speedy consensus amongst the States; prioritization of the different project components for preparation of Detailed Project Reports and implementations; suitable organizational .structure for